

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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Chief Deputy



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January 26, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

14 JANUARY 26, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**RECOMMENDATION TO APPROVE AN INCREASE TO THE
LOS ANGELES COUNTY PUBLIC AUTHORITY HOURLY RATE
(ALL DISTRICTS – 3 VOTES)**

SUBJECT

Los Angeles County needs to request approval from the State to increase the Public Authority (PA) hourly rate which determines the financial participation the County receives from the State for the In-Home Supportive Services program (IHSS). Specifically, the County will request an increase in the PA hourly rate component cost for health benefits from \$0.55 per hour to \$0.65 per hour. The increase is needed to continue supporting the Personal Assistance Services Council-Services Employee International Union (PASC-SEIU) Homecare Workers Healthcare Plan. The State requires that each County obtain approval of the new PA hourly rate from the Board of Supervisors, including any funding to cover the County's and State's share of wages and related benefits, before an increase can be processed. We anticipate that the State will approve the hourly health benefit cost increase because Los Angeles County is well within the current State maximum participation for wages and benefits.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve an increase to the PA hourly rate for Los Angeles County from \$10.50 to \$10.60. The new PA hourly rate will increase the cost paid by the State for health benefits from \$0.55 to \$0.65 per hour. The PA hourly rate also includes IHSS provider wages of \$9.00, payroll taxes of \$0.90, and PA operation costs of \$0.05 per hour, which will not change. The increased health benefits hourly cost is needed to continue supporting the PASC-SEIU Homecare Workers Healthcare Plan for eligible providers. Upon the approval of your Board, DPSS will submit the Enclosure to the State to formally request the increase.

2. Delegate authority to the Director of DPSS, or designee, to make any necessary changes to PASC agreement or Department of Health Care Services (DHCS) budget documents in order to implement the new State health benefits hourly cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Welfare & Institutions Code Section 12306.1 requires that when a PA hourly rate increase is requested each County's Board of Supervisors approve the increase and funding to cover both the County's share and State's share, including wages and related expenditures, until State approval is received. The PA hourly rate increase will not take effect until the State Department of Health Services has approved the increase.

Implementation of Strategic Plan Goals

The recommended action is consistent with the principles of the Countywide Strategic Plan Goal #1: Operational Effectiveness, maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-orientated and efficient public services.

FISCAL IMPACT/FINANCING

There is no fiscal impact to the County. There is no increase to the net County cost as funding to support the County's share of the increase in health benefits hourly cost is within the existing budgeted expense and has been included in the Fiscal Year 2009-10 Adopted Budget.

Currently, State financial participation permits the Counties to have a maximum combined wage and health benefits hourly cost of up to \$12.10 (not including administrative costs and payroll taxes). Counties have the option to decide how much of the \$12.10 to use for wages and how much to use for health benefits. Los Angeles County currently has approval to use \$9.00 for wages and \$0.55 for health benefits, well within the State maximum hourly cost of \$12.10. The current request would increase the health benefits cost from \$0.55 to \$0.65 per hour and maintain the wage at \$9.00 per hour, also within the State's \$12.10 maximum combined wage and health benefit costs.

However, the State was scheduled to reduce the maximum wage and health benefit costs from \$12.10 to a maximum of \$9.50 per hour for wages and a cap of \$0.60 per hour for health benefits (wage and health benefits combined maximum of \$10.10), effective July 1, 2009. A court injunction blocked the reduction. Should the court injunction be lifted, the proposed \$0.65 cost per hour for health benefits would be in excess of the State's cap for financial participation by \$0.05 per hour. This would reduce the County's pool of dollars available to fund health benefits for eligible IHSS providers. Under the current plan, providers must meet certain conditions, such as working a minimum of number of hours per month to be eligible for health benefits. If the State's financial participation for health benefits is capped at \$0.60 per hour, the number of providers that can be covered or the benefit package may need to be modified to avoid additional cost to the County.

DPSS will begin discussions with the PASC and the DHCS on behalf of its Community Health Plan in January 2010, to discuss how the PASC-SEIU Homecare Workers Health Care Plan can be modified to avoid additional cost for the County, in the event the court injunction is lifted and the \$0.60 per hour health benefit cap from the State is implemented.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 14, 1999, the County entered into Agreement 72426 with the PASC pursuant to Los Angeles County code 3.45.130 to specify the purposes, scope or nature of the agreement, the roles and responsibilities of each party including provisions which ensure compliance with all applicable State and federal labor laws, and compliance with all statutory and regulatory provisions applicable to the delivery of IHSS. On January 8, 2002, Amendment Number 2 was approved, initiating the Healthcare Plan. On June 22, 2004, Amendment Number 4 was approved to add general contract provisions and change the PASC's reimbursement methods as well as increase funding for their administrative cost associated with the Health Plan. On March 30, 2007, Amendment Number 11 was approved, increasing the IHSS providers' hourly wage from \$8.45 to \$9.00 per hour. The current proposal does not change the hourly wage paid to IHSS providers.

IMPACT ON CURRENT SERVICES

The recommended action will continue to support the PASC-SEIU Homecare Workers Healthcare Plan and its growing enrollment of eligible providers. Approximately 34,000 IHSS providers are enrolled in the health plan and the number of enrollees continues to grow at a rate of 1.5% per month.

The Honorable Board of Supervisors
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CONCLUSION

Upon approval and execution, the Executive Officer, Board of Supervisors, is requested to return one adopted stamped Board letter to the Department of Public Social Services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. Browning", is written above the typed name.

Philip L. Browning
Director

PLB:LG:mp

Enclosure

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors
Deputy Chief Executive Officer

IN-HOME SUPPORTIVE SERVICES PROGRAM
PUBLIC AUTHORITY/NONPROFIT
CONSORTIUM RATE

COUNTY:
Los Angeles
CONTACT NAME:
Hortensia Diaz, IHSS Program Manager (562) 908-3055
PA NAME:
Los Angeles County Personal Assistance Services Council (PASC)
TELEPHONE & FAX NUMBER:
818-206-7000 818-206-8000 FAX
ADDRESS:
Simon Golledge, Interim Executive Director 4730 Woodman Avenue, Suite 405 Sherman Oaks, CA 91423

To: California Department of Social Services
 Adult Programs Branch
 744 P Street, MS 19-96
 Sacramento, CA 95814

Please address questions regarding this form to the Adult Programs Fiscal and Administrative Unit, Adult Programs Branch at (916) 229-4582.

Please complete the budget narrative below and attach supporting documentation explaining how each component of the rate was determined. The total Public Authority (PA) and Nonprofit Consortium (NPC) rate should include a rate for services (wage and benefits) and a rate for administrative costs. The total rate for wages and benefits should be broken down to include an hourly wage, payroll taxes, health and non-health benefits. The State is legally authorized to share only in the costs of individual health benefits for IHSS providers, but these costs may be eligible for Title XIX reimbursement.

- The state and federal governments will not participate in a PA or NPC rate in excess of 200% of minimum wage.
- The state will not participate in an hourly wage in excess of minimum wage unless otherwise provided for in the Annual Budget Act or appropriated by statute.
- The state will not participate in increases to wages or employment taxes, or increases or expansions of benefits negotiated or agreed to by a PA or NPC unless provided for in the Annual Budget Act or appropriated by statute.
- No increase in wages or benefits negotiated or agreed to by a PA or NPC shall take effect until it has been approved by the state or unless provided for in the Annual Budget Act or appropriated by statute.

BUDGET NARRATIVE

FY 2009-2010

PA/NPC Hourly Rate:	1	\$10.60
PA/NPC Hourly Administrative Cost:	2	\$0.05
Hourly Services Cost: Total	3	\$10.55
Hourly Wage:	4	\$9.00
Health Benefits:	5a	\$0.65
Non-Health Benefits (if any)	5b	0
Payroll Taxes (FUTA, SUI, FICA)	6	\$0.90

Comments (Optional): The proposed PA rate increase is needed to support the growing number of providers enrolling in the health plan.